

2009 DRAFTING REQUEST

Bill

Received: **12/16/2008**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Kathleen Vinehout (608) 266-8546**

By/Representing: **herself and Linda Kleinschmidt**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Vinehout@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Coverage of dependents under health care plans

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 12/19/2008	bkraft 12/23/2008					S&L
/P1			rschluet 12/23/2008		sbasford 12/23/2008		S&L
/P2	pkahler 01/28/2009	bkraft 01/29/2009	mduchek 01/29/2009		sbasford 01/29/2009		S&L
/1	pkahler	bkraft	mduchek		mbarman	cduerst	

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	01/30/2009	01/30/2009	01/30/2009	_____	01/30/2009	01/30/2009	

FE Sent For: "1" @ intro. 2/18/09 <END>

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1/29

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/?	pkahler	/Plbjk 12/23					

FE Sent For:

<END>

Kahler, Pam

From: Stegall, Jennifer L - OCI [Jennifer.Stegall@wisconsin.gov]
Sent: Wednesday, December 10, 2008 4:16 PM
To: Casper, Tim - GOV; Butson, Coral - GOV; Gauger, Michelle C - DOA
Cc: Mallow, Eileen K - OCI; Nepple, Fred - OCI; Kahler, Pam
Subject: Young Adult Dependent Health Care Coverage
Attachments: 12-10-08 Dependent Coverage Memo.doc; 12-10-08 Dependent Coverage Table.doc

Good Afternoon:

Commissioner Dilweg asked that I share the attached memo and table with you regarding health care coverage for young adults under their parent's health policies. The memo and table outline the eligibility requirements "dependent" children must meet to receive coverage.

If you have any questions, feel free to contact me.

Thank you,

Jennifer Stegall
Policy Advisor
Office of the Commissioner of Insurance
608-267-7911

12/15/2008



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Sean Dilweg, Commissioner

Wisconsin.gov

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Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

DATE: December 10, 2008
TO: Sean Dilweg, Commissioner
FROM: Jennifer Stegall, Consumer Liaison
SUBJECT: Health Insurance Coverage for Young Adult Dependents

In response to your request for examples of how other states define "dependent" for the purposes of health insurance coverage through a certain age, I am providing this memo and a table I prepared entitled, "Young, Adult Dependent Health Care Coverage: Requirements in 15 States."

According to the NCSL, there are 20 states requiring health insurance coverage for young adult dependents, without the caveat they be enrolled as full or part-time students or be a member of the armed services. I reviewed state law and administrative code in 15 states for this analysis.

The states I reviewed either provide a definition of "dependent" in the section requiring health care coverage or refer to a "dependent" child along with a list of eligibility criteria a child must meet. The attached table outlines the definitions and criteria used by states in some detail. Below is a short list of common requirements used by some states, as well as additional provisions, some of which empower the policyholder and others insurers.

Common Requirements relating to "Dependent" Child

- Unmarried (all states reviewed require this).
- A child who is not an employee eligible for coverage under a group health plan offered by the child's employer for which the child's premium contribution amount is no greater than the premium amount for coverage as a dependent under a parent's individual or group health plan.
- Financially dependent on parents.
- Child must live with the parents, unless the child is a student.
- State resident, unless attending school out of state.
- The child has no dependents of the child's own.
- The child is not actually provided coverage as a named subscriber, insured, enrollee or covered person under any other group or individual health plan.
- Child must have 90 days or more of continuous credible coverage and has not been without credible coverage for more than 63 days.

Creditable

Additional Provisions Used relating to the Policyholder and Insurers

- Policyholder must approve coverage past a certain age.
- This section shall not be construed to require coverage for a dependent child under the policy of insurance, if the dependent child would be otherwise ineligible for the coverage either by the terms of the policy of insurance or other provisions of this title, except those relating to the limiting age for the dependent child.
- The offer of coverage under this section shall include a disclaimer that selecting either option may have tax implications.
- Required notice regarding coverage for a dependent as provided pursuant to this section shall be provided to an insured by the insurer.
- No exclusions or limitations may be applied to the coverage.
- Insurers can charge more for coverage for children over 18 years of age.
- Includes language indicating the mandate for coverage does not:
 - Affect or preempt an insurer's right to medically underwrite or charge the appropriate premium or;
 - Require an employer to pay all or part of the cost of coverage provided for a dependent under this section.
- An insurer may require that a person seeking coverage for a dependent child provide written documentation on an annual basis that the dependent child meets the necessary requirements.

It should be noted that in Wisconsin, plans providing coverage for a person as a dependent of the insured because the person a full time student, shall continue such coverage for the person if he or she ceases to be a full-time student due to a medically necessary leave of absence. The statute indicates such students become ineligible for coverage if the following occur:

- The student advises the policy or plan that he or she does not intend to return to school full time.
- The person becomes employed full time.
- The person obtains other health care coverage.
- The person marries and is eligible for coverage under his or her spouse's health care coverage.
- The person reaches the age at which coverage as a dependent who is a full-time student would otherwise end under the terms and conditions of the policy or plan.
- Coverage of the insured through whom the person has dependent coverage under the policy or plan is discontinued or not renewed.
- One year has elapsed since the person's coverage continuation began and the person has not returned to school.

Young, Adult Dependent Health Care Coverage: Requirements in 15 States

CO	<ul style="list-style-type: none"> • Stat. 10-16-104.3 • Effective January 1, 2006. • Requires that dependent coverage for a child who is under 25 be offered to the parent, for an additional premium if applicable, by rider or supplemental policy provision. • A child must be unmarried, under 25, have the same legal residence as the parent, be financially dependent upon the parent and not meet the definition of dependent in section 10-16-102: <p><i>“Dependent” means a spouse, an unmarried child under 19 years of age, an unmarried child who is a full time student under 24 years of age and who is financially dependent upon the parent, and an unmarried child of any age who is medically certified as disabled and dependent upon the parent.</i></p>
CT	<ul style="list-style-type: none"> • C.G.S.A. 38a-497 • Effective January 1, 2009 • Coverage of a child shall terminate no earlier than the policy anniversary date on or after whichever of the following occurs first: *The date on which the child marries or attains the age of 26. • Children must remain state residents to receive coverage, unless they are attending an out of state accredited institution of higher education or are residing with a custodial parent pursuant to a child custody determination. <p>Statutory reference requiring coverage does not reference the term “dependent.”</p>
DE	<ul style="list-style-type: none"> • 18 Del.C. 3570

	<ul style="list-style-type: none"> • If a carrier's contract with a subscriber provides coverage for a covered person's dependent under which coverage of the dependent terminates at a specific age before the dependent's twenty-fourth birthday, the contract must nevertheless provide coverage to the dependent after that specific age until the dependent's twenty-fourth birthday. • "Dependent" means a covered person's child by blood or by law who: <ul style="list-style-type: none"> a. Is less than 24 years of age; b. Is unmarried; c. Has no dependents of that child's own; d. Is a resident of Delaware or is enrolled as a full-time student at an accredited public or private institution of higher education; and e. Is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, or church plan, or entitled to benefits under <u>42 U.S.C. § 1395 et seq.</u> • Insurers may charge more for dependent coverage past age 18, but it may not exceed 102 percent of the policyholder's cost before the child turned 18.
FL	<ul style="list-style-type: none"> • 627.6562 • The statute requiring coverage does not define dependent but rather lists criteria a dependent child must meet. • If a health insurance policy insures dependent children of the policyholder, the policy must provide such coverage until the child turns 25 years of age, if the child meets all of the following: <ul style="list-style-type: none"> *The child is dependent upon the policyholder for support; * The child is living in the household of the policyholder, or is a full or part-time student. • The policy must offer the policyholder the option to insure a child of the policyholder at least until the end of the calendar year in which the child reaches the age of 30. The child must meet the following: <ul style="list-style-type: none"> *Is unmarried and does not have a dependent of his or her own; *Is a resident of this state or a full-time or part-time student; and *Is not provided coverage as a named subscriber, insured, enrollee, or covered person under any other group, blanket, or franchise health insurance policy or individual health benefits plan, or is not entitled to benefits under

	<p>Title XVIII of the Social Security Act.</p> <ul style="list-style-type: none"> • If coverage under the parent's policy is terminated at the end of the year the child turns 25, the child is not eligible to be covered under the parent's policy unless the child was continuously covered by other creditable coverage without a gap in coverage of more than 63 days
ID	<ul style="list-style-type: none"> • 41-2103 • Indicates that a health insurance policy may insure, in addition to the policyholder, any 2 or more eligible members of the family, including the husband, wife and any other dependent or dependents. • The statute indicates that "dependent" includes: <ul style="list-style-type: none"> * An unmarried child under the age of 21; * An unmarried child who is a full-time student under the age of twenty-five (25) years and who is financially dependent on the parent; and * An unmarried child of any age who is medically certified as disabled and dependent upon the parent.
IL	<ul style="list-style-type: none"> • Effective June 1, 2009 • Public Act 95-958 (HB 5285) • "Dependent" is referenced but not defined in this act. • A group or individual policy that provides coverage for dependents shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 26th Birthday. • A policy shall allow for dependent coverage during the annual open enrollment date or the annual renewal date if the dependent has: <ul style="list-style-type: none"> * A period of continuous creditable coverage of 90 days or more; and * Not been without creditable coverage for more than 63 days.
KY	<ul style="list-style-type: none"> • Chapter No. 169 (Formerly HB 440).

	<ul style="list-style-type: none"> • “Dependent” is not specifically defined in this Chapter. • All group health benefit plans which provide dependent benefits shall offer the master policyholder the following 2 options to purchase coverage for an unmarried dependent child: <ul style="list-style-type: none"> *Coverage until age 19 and coverage to unmarried children from 19 to 25 years of age who are full time students enrolled in and attending an accredited educational institution and who are primarily dependent on the policyholder for maintenance and support. *Coverage until age 25.
ME	<ul style="list-style-type: none"> • The offer of coverage under this section shall include a disclaimer that selecting either option may have tax implications. • MRSA 2742-B • Dependent child is defined in the section relating to the mandate. • A health policy that offers coverage for a dependent child must offer such coverage, at the option of the policyholder, until the dependent child is 25 years of age. • “Dependent Child” means: <ul style="list-style-type: none"> * Unmarried; *Has no dependent of the child's own; and *Is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education. • An insurer may require that a person seeking coverage for a dependent child provide written documentation on an annual basis that the dependent child meets the requirements.
MN	<ul style="list-style-type: none"> • 62E.02 • Statutory reference defines “Dependent” as a spouse or unmarried child under the age of 25, or a dependent child of any age who is disabled. (Effective January 1, 2008). • Note: Could not immediately find the statutory reference speaking to insurer coverage of dependents. Therefore,

	there may be additional requirements.
MT	<ul style="list-style-type: none"> • MCA 33-22-140 • Dependent* is defined as: <ul style="list-style-type: none"> * A spouse; * An unmarried child under 25 years of age; (i) who is not an employee eligible for coverage under a group health plan offered by the child's employer for which the child's premium contribution amount is no greater than the premium amount for coverage as a dependent under a parent's individual or group health plan; (ii) who is not a named subscriber, insured, enrollee, or covered individual under any other individual health insurance coverage, group health plan, government plan, church plan, or group health insurance; (iii) who is not entitled to benefits under <u>42 U.S.C. 1395</u>, et seq.; and (iv) for whom the insured parent has requested coverage; * A child of any age who is disabled and dependent upon the parent as provided in <u>33-22-506</u> and <u>33-30-1003</u>; or * Any other individual defined as a dependent in the health benefit plan covering the employee.
NH	<ul style="list-style-type: none"> • Stat. 420-B:8-aa • A policy may ensure dependent children or any dependent under age 26. • In the section relating to the mandate, "dependent" means a subscribers child by blood or law, who: <ul style="list-style-type: none"> * Is less than 26 years of age; * Is unmarried; * Is a resident of New Hampshire or is enrolled as a student at a public or private institution of higher education; and * Is not provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan, or health benefits plan, or entitled to benefits under

	Title XVIII of the Social Security Act, Public Law 89-97, <u>42 U.S.C. 1395 et seq.</u>
NJ	<ul style="list-style-type: none"> • 17B:27-30.5 • A group health insurance policy that provides coverage for an insured's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday shall, upon application of the dependent as set forth in subsection c. of this section, provide coverage to the dependent after that specific age, until the dependent's 30th birthday. • As used in the section requiring coverage, "Dependent" means an insured's child by blood or by law who: <ul style="list-style-type: none"> *is less than 30 years of age; *is unmarried; *has no dependent of his own; *is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and *is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (<u>42 U.S.C. § 1395 et seq.</u>). • The insured's policy may require payment of a premium by the insured or dependent. The premium shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the policy prior to the termination of coverage at the specific age provided in the policy. • Note: Detailed mandate.
NM	<ul style="list-style-type: none"> • NM Stat. Ann. 13-7-8 • Any group health care coverage that offers coverage of an insured's dependent shall not terminate coverage of an unmarried dependent by reason of the dependent's age before the dependent's twenty-fifth birthday, regardless of whether the dependent is enrolled in an educational institution.
TN	<ul style="list-style-type: none"> • 56-7-2302 • An individual and group hospital or medical expense insurance that provides coverage of a dependent child shall terminate

	<p>upon attainment of the limiting age for dependent children specified in the policy, shall also provide that the limiting age not be earlier than twenty-four (24) years for those dependent children who are unmarried and dependent on the insured for support and maintenance.</p> <ul style="list-style-type: none"> • subdivision (a)(1) shall not be construed to require coverage for a dependent child under the policy of insurance, if the dependent child would be otherwise ineligible for the coverage either by the terms of the policy of insurance or other provisions of this title, except those relating to the limiting age for the dependent child stated in this
UT	<ul style="list-style-type: none"> • Title 31A Chapter No. 22-610.5 • This statute, referring to coverage, does not define “dependent.” • Any individual or group accident and health insurance policy or health maintenance organization contract that provides coverage for a policyholder's or certificate holder's dependent shall not terminate coverage of an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday and shall, upon application, provide coverage for all unmarried dependents up to age 26. • The cost of coverage for unmarried dependents 19 to 26 years of age shall be included in the premium on the same basis as other dependent coverage. • This section does not prohibit the employer from requiring the employee to pay all or part of the cost of coverage for unmarried dependents.

2) Covering Adult Children on Parents Policy

~~✓~~ *unmarried*
✓a) Any child 26 or under.

✓b) Any child whose education is interrupted by service in the National Guard or Reserves (PENN). *one is of no matter as long as a full time student*

✓c) Any disabled child regardless of age. (MN) *already have*

✓d) Applies to any policy sold in Wisconsin. *→ both ind + group*

✓e) At the request of the policy holder. *ins must offer (not req to cover - just offer)*

f) The cost of coverage for adult children 19 to 26 years of age shall be included in the premium on the same basis as other dependent coverage (Utah).

✓g) "Crowd Out" Provision - A child who is not an employee eligible for coverage under a group health plan offered by the child's employer for which the child's premium contribution amount is no greater than the premium amount for coverage as a dependent under a parent's individual or group health plan.

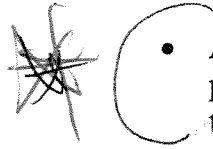
annual documentation

see OCT memo - stored

OCF

Issue Status

Health Insurance Coverage for Young Adult Dependents

- Jennifer prepared a memo outlining the eligibility criteria for child/dependent health insurance coverage used in other states.
- Initial thoughts:
 - Require the young adult to be unmarried.
 - Require the young adult to be financially dependent on the policyholder.
 - Require that the young adult not be in a position where they have access to health care coverage through their employer.
 - Require the policyholder approve coverage past a certain age.
- Should discuss additional language included in other state laws:
 - This section shall not be construed to require coverage for a dependent child under the policy of insurance, if the dependent child would be otherwise ineligible for the coverage either by the terms of the policy of insurance or other provisions of this title, except those relating to the limiting age for the dependent child.
 - The offer of coverage under this section shall include a disclaimer that selecting either option may have tax implications.
 - Required notice regarding coverage for a dependent as provided pursuant to this section shall be provided to an insured by the insurer.
 - No exclusions or limitations may be applied to the coverage.
 - Insurers can charge more for coverage for children over 18 years of age.
 - Includes language indicating the mandate for coverage does not:
 - Affect or preempt an insurer's right to medically underwrite or charge the appropriate premium or;
 - Require an employer to pay all or part of the cost of coverage provided for a dependent under this section.
-  An insurer may require that a person seeking coverage for a dependent child provide written documentation on an annual basis that the dependent child meets the necessary requirements.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1158/2

PJK:.....

Lbjk

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SOON
(in 12-19)
D-into
Inserts
SAV
X-refv

Gen at

1 AN ACT ...; relating to: coverage of dependents under health care plans.

Analysis by the Legislative Reference Bureau

Current law contains a number of provisions related to coverage of dependents under health insurance policies. For example, a health insurer must cover a newly born child of an insured from the moment of birth, but may discontinue coverage after 60 days if the insured does not notify the insurer of the birth and pay any additional premium within those 60 days. If a health insurer covers a child of an insured, the health insurer must also cover any child of the insured's child until the insured's child is 18 years old. If a health insurer covers dependents up to a certain age, the health insurer may not terminate coverage of a dependent child who reaches that age if, and while, the child is incapable of self-sustaining employment because of mental retardation or physical handicap and is dependent on the insured for support and maintenance. If a health insurer covers a person as a dependent because the person is a full-time student, the health insurer must continue to cover that person if he or she ceases to be a full-time student due to a medically necessary leave of absence until the happening of one of a number of specified events, such as the person's obtaining other health care coverage or reaching the age at which coverage ends under the terms of the policy for a dependent who is covered because he or she is a full-time student. Current law, however, does not require a health insurer to cover a dependent of an insured up to any particular age or because a dependent is a full-time student.

Under this bill, a health insurer must offer to cover any child of an insured if the child is unmarried, is under 27 years old, and is not eligible for coverage under a group health benefit plan that is provided by his or her employer and for which his

or her premium contribution is no greater than the premium amount for his or her dependent coverage under his or her parent's health insurance plan. Additionally, if the child is a full-time student but previously had his or her education interrupted by service in the National Guard or Reserves, the health insurer must offer dependent coverage for that child for as long as he or she is a full-time student, regardless of age.

The insurer must provide the coverage if the insured requests it, and may require that the insured provide annual written documentation that the dependent child satisfies the criteria for coverage. The bill specifies that an insurer must determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for a younger dependent. The coverage requirement applies to all types of individual and group health insurance policies and plans, including those offered by the state, and to self-insured health plans of counties, cities, villages, towns, school districts, and the state.

The bill does not eliminate any of the other requirements that exist in current law related to coverage of dependents.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert 2-1

1 SECTION 1. 111.91 (2) (t) of the statutes is created to read:

2 111.91 (2) (t) The requirements related to dependent coverage under s. 632.885.

3 SECTION 2. 609.74 of the statutes is created to read:

4 **609.74 Coverage of dependents.** Limited service health organizations,
5 preferred provider plans, and defined network plans are subject to s. 632.885.

6 SECTION 3. 632.885 of the statutes is created to read:

7 **632.885 Coverage of dependents. (1) DEFINITIONS.** In this section:

8 (a) "Disability insurance policy" has the meaning given in s. 632.895 (1) (a).

9 (b) "Insured" includes an enrollee.

10 (c) "Self-insured health plan" has the meaning given in s. 632.745 (24).

11 **(2) REQUIREMENT TO OFFER DEPENDENT COVERAGE.** (a) Subject to ss. 632.88 and
12 632.895 (5), every insurer that issues a disability insurance policy, and every

1 self-insured health plan, shall offer and, if so requested by an applicant or an
2 insured, provide coverage for a child of the applicant or insured as a dependent of the
3 applicant or insured if the child satisfies all of the following criteria:

4 1. The child is less than 27 years of age.

5 2. The child is not married.

6 3. The child is not eligible for coverage under a group health benefit plan, as
7 defined in s. 632.745 (9), that is offered by the child's employer and for which the
8 amount of the child's premium contribution is no greater than the premium amount
9 for his or her coverage as a dependent under this section.

10 (b) Notwithstanding par. (a) 1., if the child served on active duty in the national
11 guard or in a reserve component of the U.S. armed forces, the coverage requirement
12 under this section applies, subject to par. (a) 2. and 3., as long as the child is a
13 full-time student, regardless of the child's age.

****NOTE: The instruction was that the child's education was interrupted by service in the national guard or reserves. Do you want to require coverage of any full-time student who served in the national guard or reserves, or do you want to limit the requirement to a child who actually completed a certain amount of higher education before serving in the national guard or reserves? What if they received an undergraduate degree before serving and have now gone back to school for another degree? Do you want to require that they were actually attending school when they were called to active duty? If so, must they have been a full-time student at the time and under the age of 27? Does it matter how long they waited before returning to school after their active duty terminated?

14 (3) PREMIUM DETERMINATION. An insurer shall determine the premium for
15 coverage of a dependent who is over 18 years of age on the same basis as the premium
16 is determined for coverage of a dependent who is 18 years of age or younger.

17 (4) DOCUMENTATION OF CRITERIA SATISFACITON. An insurer may require that an
18 applicant or insured seeking coverage of a dependent child provide written
19 documentation, initially and annually thereafter, that the dependent child satisfies
20 the criteria for coverage under this section.

or self-insured health plan x2

SECTION 4. 632.895 (15) (a) of the statutes is amended to read:

632.895 (15) (a) Subject to pars. (b) and (c), every disability insurance policy, and every self-insured health plan of the state or a county, city, town, village, or school district, that provides coverage for a person as a dependent of the insured because the person is a full-time student, including the coverage under s. 632.885 (2) (b), shall continue to provide dependent coverage for the person if, due to a medically necessary leave of absence, he or she ceases to be a full-time student.

History: 1981 c. 39 ss. 4 to 12, 18, 20; 1981 c. 85, 99; 1981 c. 314 ss. 122, 123, 125; 1983 a. 36, 429; 1985 a. 29, 56, 311; 1987 a. 195, 327, 403; 1989 a. 129, 201, 229, 316, 332, 359; 1991 a. 32, 45, 123; 1993 a. 443, 450; 1995 a. 27 ss. 7048, 9126 (19); 1995 a. 201, 225; 1997 a. 27, 35, 75, 175, 237; 1999 a. 32, 115; 1999 a. 150 s. 672; 2001 a. 16, 82; 2007 a. 20 s. 9121 (6) (a); 2007 a. 36, 153.

****NOTE: Is this amendment okay? See my drafter's note regarding how to treat s. 632.895 (15) (c).

SECTION 5. Initial applicability.

(1) This act first applies to all of the following:

(a) Except as provided in paragraphs (b) and (c), disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the effective date of this paragraph.

(b) Disability insurance policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are issued or renewed on the earlier of the following:

1. The day on which the collective bargaining agreement expires.

2. The day on which the collective bargaining agreement is extended, modified, or renewed.

(c) Governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are established, extended, modified, or renewed on the earlier of the following:

(1) This act takes effect on the first day of the 7th month beginning after publication.

7 (END)

BILL*Inset 2-1*

impose a preexisting condition exclusion that does not exceed one year with respect to coverage for cochlear implants. However, the bill requires an individual health insurance policy that imposes a preexisting condition exclusion to cover the cost of cochlear implants during the preexisting condition exclusion period if certain specified medical conditions occur during the period that make time of the essence for a child to receive the implants.

Under the bill, a group health insurance policy or a self-insured health plan subject to the requirement may require reimbursement for the cost of hearing aid or cochlear implant benefits provided to a child who: 1) first obtains coverage under the group health insurance policy or self-insured health plan after the coverage requirement goes into effect; 2) receives a hearing aid or cochlear implant within the first year of being covered under the policy or plan; 3) discontinues the coverage before it has been in effect for at least one year; and 4) would have been subject to a preexisting condition exclusion but for the prohibition against it. This provision does not apply if the employer through which the child's parent has coverage discontinued the coverage or if the parent lost coverage because he or she was terminated or laid off from his or her employment.

Also under the bill, an individual health insurance policy may require reimbursement for the cost of hearing aid benefits provided to a child who: 1) first obtains coverage under the policy after the coverage requirement goes into effect; 2) receives a hearing aid within the first year of being covered under the policy; 3) discontinues the coverage before it has been in effect for at least one year; and 4) would have been subject to a preexisting condition exclusion but for the prohibition against it. In addition, if an insurer denies coverage to a child under an individual health insurance policy and the child would be eligible for hearing aid or cochlear implant benefits, the insurer must advise the child's family of the availability of coverage for hearing aids and cochlear implants under BadgerCare Plus, which is a Medical Assistance program that provides health care benefits and under which any child in the state is eligible to receive or purchase coverage.

The bill requires an insurer to treat all health insurance policies issued by the insurer as one policy, and to treat all persons covered under all health insurance policies issued by the insurer as if they were covered under a single policy, so that the risk of loss for the hearing aid or implant coverage is spread among all of the policies issued by the insurer.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 40.51 (8) of the statutes is amended to read:
- 2 40.51 (8) Every health care coverage plan offered by the state under sub. (6)
- 3 shall comply with ss. 631.89, 631.90, 631.93 (2), 631.95, 632.72 (2), 632.746 (1) to (8)
- 1502

BILL

and (10), 632.747, 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.87 (3) to
(5) (6), 632.895 (5m) and (8) to (15) (16), and 632.896.

SECTION 2. 40.51 (8m) of the statutes is amended to read:

40.51 (8m) Every health care coverage plan offered by the group insurance
board under sub. (7) shall comply with ss. 631.95, 632.746 (1) to (8) and (10), 632.747,
632.748, 632.83, 632.835, 632.85, 632.853, 632.855, and 632.895 (11) to (15) (16).

SECTION 3. 66.0137 (4) of the statutes is amended to read:

66.0137 (4) SELF-INSURED HEALTH PLANS. If a city, including a 1st class city, or
a village provides health care benefits under its home rule power, or if a town
provides health care benefits, to its officers and employees on a self-insured basis,
the self-insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2),
632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4), and
(5), and (6), 632.895 (9) to (15) (16), 632.896, and 767.25 (4m) (d) 767.513 (4).

SECTION 4. 111.91 (2) (n) of the statutes is amended to read:

111.91 (2) (n) The provision to employees of the health insurance coverage
required under s. 632.895 (11) to (14) and (16).

SECTION 5. 120.13 (2) (g) of the statutes is amended to read:

120.13 (2) (g) Every self-insured plan under par. (b) shall comply with ss.
49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
632.85, 632.853, 632.855, 632.87 (4) and, (5), and (6), 632.895 (9) to (15) (16), 632.896,
and 767.25 (4m) (d) 767.513 (4).

SECTION 6. 185.981 (4t) of the statutes is amended to read:

185.981 (4t) A sickness care plan operated by a cooperative association is
subject to ss. 252.14, 631.17, 631.89, 631.95, 632.72 (2), 632.745 to 632.749, 632.85,

BILL

SECTION 6

Ens 2-2 cont'd

1 632.853, 632.855, 632.87 (2m), (3), (4), and (5), and (6), 632.895 (10) to (15) (16), and
2 632.897 (10) and chs. 149 and 155.

plain

3 **SECTION 7.** 185.983 (1) (intro.) of the statutes is amended to read:

4 185.983 (1) (intro.) Every such voluntary nonprofit sickness care plan shall be
5 exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41,
6 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.17, 631.89, 631.93,
7 631.95, 632.72 (2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853,

8 632.855, 632.87 (2m), (3), (4), and (5), and (6), 632.895 (5) and (9) to (15) (16), 632.896,
9 and 632.897 (10) and chs. 609, 630, 635, 645, and 646, but the sponsoring association
10 shall:

and insert 2-2

11 **SECTION 8.** 609.86 of the statutes is created to read:

12 **609.86 Coverage of hearing aids and cochlear implants for infants and**
13 **children.** Defined network plans are subject to s. 632.895 (16).

14 **SECTION 9.** 632.895 (16) of the statutes is created to read:

15 632.895 (16) HEARING AIDS AND COCHLEAR IMPLANTS FOR INFANTS AND CHILDREN.

16 (a) In this subsection:

17 1. "Cochlear implant" includes any implantable instrument or device that is
18 designed to enhance hearing.

19 2. "Hearing aid" has the meaning given in s. 459.01 (2).

20 3. "Physician" has the meaning given in s. 448.01 (5).

21 4. "Self-insured health plan" means a self-insured health plan of the state or
22 a county, city, village, town, or school district.

23 (b) 1. Subject to pars. (c) and (d) and except as provided in par. (f), every
24 disability insurance policy and every self-insured health plan shall provide coverage
25 of the cost of hearing aids or cochlear implants for a child covered under the policy

632.885

x2

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1158/ ^{PI}dn

PJK:.....

Date

Lbjk

I left all of the sections in current law that apply to dependent coverage as is in this draft [see ss. 632.88 and 632.895 (5), (5m), and (15)], except for the amendment I made to s. 632.895 (15) (a). Section 632.895 (15) applies to an insurer that covers a dependent because he or she is a full-time student. If this draft becomes law, s. 632.895 (15) would apply to: 1) any policy that extends coverage for dependents beyond age 26 if they are full-time students (probably none or very few, but it is theoretically possible), and 2) any policy covering a person who served in the national guard or reserves and is now a full-time student. You may be able to think of other possibilities. I think s. 632.895 (15) can coexist with this draft. However, you will have to let me know which of the happenings under s. 632.895 (15) (c) you want to apply to a person whose coverage under s. 632.895 (15) stems from proposed s. 632.885 (2) (b). For example, even though coverage is not terminated on the basis of age under proposed s. 632.885 (2) (b) if the person is a full-time student, do you want their coverage terminated on the basis of age if they are on medical leave and not actually a full-time student, as under s. 632.895 (15) (c) 5.? Let me know, also, if you want any of the current law dependent coverage sections to be treated differently from how I have treated them in this draft.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1158/P1dn
PJK:bjk:rs

December 23, 2008

I left all of the sections in current law that apply to dependent coverage as is in this draft [see ss. 632.88 and 632.895 (5), (5m), and (15)], except for the amendment I made to s. 632.895 (15) (a). Section 632.895 (15) applies to an insurer that covers a dependent because he or she is a full-time student. If this draft becomes law, s. 632.895 (15) would apply to: 1) any policy that extends coverage for dependents beyond age 26 if they are full-time students (probably none or very few, but it is theoretically possible), and 2) any policy covering a person who served in the national guard or reserves and is now a full-time student. You may be able to think of other possibilities. I think s. 632.895 (15) can coexist with this draft. However, you will have to let me know which of the happenings under s. 632.895 (15) (c) you want to apply to a person whose coverage under s. 632.895 (15) stems from proposed s. 632.885 (2) (b). For example, even though coverage is not terminated on the basis of age under proposed s. 632.885 (2) (b) if the person is a full-time student, do you want their coverage terminated on the basis of age if they are on medical leave and not actually a full-time student, as under s. 632.895 (15) (c) 5.? Let me know, also, if you want any of the current law dependent coverage sections to be treated differently from how I have treated them in this draft.

Pamela J. Kahler
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STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

1-26

Linda Kleinschmidt

for LRB-1158

specify "adult children"

note on p 5
before line 1

→ yes, completed some school
yes, actually in school when
called to active duty
yes, a full-time student
& under 27
when called to
active duty

note on p 5
after line 15

de as is



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1158/P2

PJK:bjk:rs

stays - r m is run

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-vote
(1-1-20)
SOON

SAV
X-refv

Inserts

regenerate

- 1 AN ACT *to amend* 40.51 (8), 40.51 (8m), 66.0137 (4), 120.13 (2) (g), 185.981 (4t),
- 2 185.983 (1) (intro.) and 632.895 (15) (a); and *to create* 111.91 (2) (t), 609.74 and
- 3 632.885 of the statutes; **relating to:** coverage of dependents under health care
- 4 plans.

Analysis by the Legislative Reference Bureau

Current law contains a number of provisions related to coverage of dependents under health insurance policies. For example, a health insurer must cover a newly born child of an insured from the moment of birth, but may discontinue coverage after 60 days if the insured does not notify the insurer of the birth and pay any additional premium within those 60 days. If a health insurer covers a child of an insured, the health insurer must also cover any child of the insured's child until the insured's child is 18 years old. If a health insurer covers dependents up to a certain age, the health insurer may not terminate coverage of a dependent child who reaches that age if, and while, the child is incapable of self-sustaining employment because of mental retardation or physical handicap and is dependent on the insured for support and maintenance. If a health insurer covers a person as a dependent because the person is a full-time student, the health insurer must continue to cover that person if he or she ceases to be a full-time student due to a medically necessary leave of absence until the happening of one of a number of specified events, such as the person's obtaining other health care coverage or reaching the age at which coverage ends under the terms of the policy for a dependent who is covered because he or she is a full-time student. Current law, however, does not require a health insurer to

cover a dependent of an insured up to any particular age or because a dependent is a full-time student.

Under this bill, a health insurer must offer to cover any child of an insured if the child is unmarried, is under 27 years old, and is not eligible for coverage under a group health benefit plan that is provided by his or her employer and for which his or her premium contribution is no greater than the premium amount for his or her dependent coverage under his or her parent's health insurance plan. Additionally, if the child is a full-time student but previously had his or her education interrupted by service in the national guard or reserves, the health insurer must offer dependent coverage for that child for as long as he or she is a full-time student, regardless of age.

The insurer must provide the coverage if the insured requests it, and may require that the insured provide annual written documentation that the dependent child satisfies the criteria for coverage. The bill specifies that an insurer must determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for a younger dependent. The coverage requirement applies to all types of individual and group health insurance policies and plans, including those offered by the state, and to self-insured health plans of counties, cities, villages, towns, school districts, and the state.

The bill does not eliminate any of the other requirements that exist in current law related to coverage of dependents.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 40.51 (8) of the statutes is amended to read:

2 40.51 (8) Every health care coverage plan offered by the state under sub. (6)
3 shall comply with ss. 631.89, 631.90, 631.93 (2), 631.95, 632.72 (2), 632.746 (1) to (8)
4 and (10), 632.747, 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.87 (3) to
5 (5) (6), 632.885, 632.895 (5m) and (8) to (15), and 632.896.

6 SECTION 2. 40.51 (8m) of the statutes is amended to read:

7 40.51 (8m) Every health care coverage plan offered by the group insurance
8 board under sub. (7) shall comply with ss. 631.95, 632.746 (1) to (8) and (10), 632.747,
9 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.885, and 632.895 (11) to (15).

10 SECTION 3. 66.0137 (4) of the statutes is amended to read:

1 66.0137 (4) SELF-INSURED HEALTH PLANS. If a city, including a 1st class city, or
2 a village provides health care benefits under its home rule power, or if a town
3 provides health care benefits, to its officers and employees on a self-insured basis,
4 the self-insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2),
5 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4), and
6 (5), and (6), 632.885, 632.895 (9) to (15), 632.896, and 767.25 (4m) (d) 767.513 (4).

7 **SECTION 4.** 111.91 (2) (t) of the statutes is created to read:

8 111.91 (2) (t) The requirements related to dependent coverage under s. 632.885.

9 **SECTION 5.** 120.13 (2) (g) of the statutes is amended to read:

10 120.13 (2) (g) Every self-insured plan under par. (b) shall comply with ss.
11 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
12 632.85, 632.853, 632.855, 632.87 (4) and (5), and (6), 632.885, 632.895 (9) to (15),
13 632.896, and 767.25 (4m) (d) 767.513 (4).

14 **SECTION 6.** 185.981 (4t) of the statutes is amended to read:

15 185.981 (4t) A sickness care plan operated by a cooperative association is
16 subject to ss. 252.14, 631.17, 631.89, 631.95, 632.72 (2), 632.745 to 632.749, 632.85,
17 632.853, 632.855, 632.87 (2m), (3), (4), and (5), and (6), 632.885, 632.895 (10) to (15),
18 and 632.897 (10) and chs. 149 and 155.

19 **SECTION 7.** 185.983 (1) (intro.) of the statutes is amended to read:

20 185.983 (1) (intro.) Every such voluntary nonprofit sickness care plan shall be
21 exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41,
22 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.17, 631.89, 631.93,
23 631.95, 632.72 (2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853,
24 632.855, 632.87 (2m), (3), (4), and (5), and (6), 632.885, 632.895 (5) and (9) to (15),

632.896, and 632.897 (10) and chs. 609, 630, 635, 645, and 646, but the sponsoring association shall:

SECTION 8. 609.74 of the statutes is created to read:

609.74 Coverage of dependents. Limited service health organizations, preferred provider plans, and defined network plans are subject to s. 632.885.

SECTION 9. 632.885 of the statutes is created to read:

632.885 Coverage of dependents. (1) DEFINITIONS. In this section:

(a) "Disability insurance policy" has the meaning given in s. 632.895 (1) (a).

(b) "Insured" includes an enrollee.

(c) "Self-insured health plan" has the meaning given in s. 632.745 (24).

(2) REQUIREMENT TO OFFER DEPENDENT COVERAGE. (a) Subject to ss. 632.88 and 632.895 (5), every insurer that issues a disability insurance policy, and every self-insured health plan, shall offer and, if so requested by an applicant or an insured, provide coverage for ^{an adult} a child of the applicant or insured as a dependent of the applicant or insured if the child satisfies all of the following criteria:

1. The child is less than 27 years of age. ^{over 17 but}

2. The child is not married.

3. The child is not eligible for coverage under a group health benefit plan, as defined in s. 632.745 (9), that is offered by the child's employer and for which the amount of the child's premium contribution is no greater than the premium amount for his or her coverage as a dependent under this section.

(b) Notwithstanding par. (a) 1., if the child served on active duty in the national guard or in a reserve component of the U.S. armed forces, the coverage requirement under this section applies, subject to par. (a) 2. and 3., as long as the child is a full-time student, regardless of the child's age.

Insert 4-25 →

****NOTE: The instruction was that the child's education was interrupted by service in the national guard or reserves. Do you want to require coverage of any full-time student who served in the national guard or reserves, or do you want to limit the requirement to a child who actually completed a certain amount of higher education before serving in the national guard or reserves? What if they received an undergraduate degree before serving and have now gone back to school for another degree? Do you want to require that they were actually attending school when they were called to active duty? If so, must they have been a full-time student at the time and under the age of 27? Does it matter how long they waited before returning to school after their active duty terminated?

1 **(3) PREMIUM DETERMINATION.** An insurer or self-insured health plan shall
2 determine the premium for coverage of a dependent who is over 18 years of age on
3 the same basis as the premium is determined for coverage of a dependent who is 18
4 years of age or younger.

5 **(4) DOCUMENTATION OF CRITERIA SATISFACTION.** An insurer or self-insured health
6 plan may require that an applicant or insured seeking coverage of a dependent child
7 provide written documentation, initially and annually thereafter, that the
8 dependent child satisfies the criteria for coverage under this section.

9 **SECTION 10.** 632.895 (15) (a) of the statutes is amended to read:

10 632.895 (15) (a) Subject to pars. (b) and (c), every disability insurance policy,
11 and every self-insured health plan of the state or a county, city, town, village, or
12 school district, that provides coverage for a person as a dependent of the insured
13 because the person is a full-time student, including the coverage under s. 632.885
14 (2) (b), shall continue to provide dependent coverage for the person if, due to a
15 medically necessary leave of absence, he or she ceases to be a full-time student.

****NOTE: Is this amendment okay? See my drafter's note regarding how to treat
s. 632.895 (15) (c).

16 **SECTION 11. Initial applicability.**

17 (1) This act first applies to all of the following:

18 (a) Except as provided in paragraphs (b) and (c), disability insurance policies
19 that are issued or renewed, and governmental or school district self-insured health

Insert
5-15

1 plans that are established, extended, modified, or renewed, on the effective date of
2 this paragraph.

3 (b) Disability insurance policies covering employees who are affected by a
4 collective bargaining agreement containing provisions inconsistent with this act
5 that are issued or renewed on the earlier of the following:

6 1. The day on which the collective bargaining agreement expires.

7 2. The day on which the collective bargaining agreement is extended, modified,
8 or renewed.

9 (c) Governmental or school district self-insured health plans covering
10 employees who are affected by a collective bargaining agreement containing
11 provisions inconsistent with this act that are established, extended, modified, or
12 renewed on the earlier of the following:

13 1. The day on which the collective bargaining agreement expires.

14 2. The day on which the collective bargaining agreement is extended, modified,
15 or renewed.

16 **SECTION 12. Effective date.**

17 (1) This act takes effect on the first day of the 7th month beginning after
18 publication.

19 (END)

D-note

**2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1158/P2ins

PJK:.....

INSERT 4-25

1 (b) Notwithstanding par. (a) 1., the coverage requirement under this section
2 applies to an adult child who satisfies all of the following criteria:

3 1. The child is a full-time student, regardless of age.

4 2. The child satisfies the criteria under par. (a) 2. and 3.

5 3. The child was called to federal active duty in the national guard or in a
6 reserve component of the U.S. armed forces while the child was attending, on a
7 full-time basis, an institution of higher education.

8 4. The child was under the age of 27 years when called to federal active duty
9 under subd. 3.

(END OF INSERT 4-25)

INSERT 5-15

10 **SECTION 1.** 632.895 (15) (c) 5. of the statutes is amended to read:

11 632.895 (15) (c) 5. The Except for a person who has coverage as a dependent
12 under s. 632.885 (2) (b), the person reaches the age at which coverage as a dependent
13 who is a full-time student would otherwise end under the terms and conditions of
14 the policy or plan.

History: 1981 c. 39 ss. 4 to 12, 18, 20; 1981 c. 85, 99; 1981 c. 314 ss. 122, 123, 125; 1983 a. 36, 429; 1985 a. 29, 56, 311; 1987 a. 195, 327, 403; 1989 a. 129, 201, 229, 316, 332, 359; 1991 a. 32, 45, 123; 1993 a. 443, 450; 1995 a. 27 ss. 7048, 9126 (19); 1995 a. 201, 225; 1997 a. 27, 35, 75, 175, 237; 1999 a. 32, 115; 1999 a. 150 s. 672; 2001 a. 16, 82; 2007 a. 20 s. 9121 (6) (a); 2007 a. 36, 153.

(END OF INSERT 5-15)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1158/P2dn

PJK:bjk:rs

Date

Note how I treated s. 632.895 (15) (c) 5. Is this ok? Is s. 632.895 (15) (c) 2., 3., and 4. ok, as is, in current law with respect to a person who has dependent coverage under s. 632.885 (2) (b), even though the criteria for ineligibility for dependent coverage under s. 632.885 (2) (b) are slightly different from the criteria under s. 632.895 (15) (c) 2., 3., and 4.?

If you limit the provision to "adult child," will insurers stop covering children who are not adults?

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

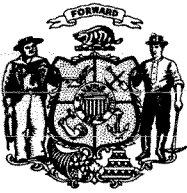
LRB-1158/P2dn
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January 29, 2009

Note how I treated s. 632.895 (15) (c) 5. Is this ok? Is s. 632.895 (15) (c) 2., 3., and 4. ok, as is, in current law with respect to a person who has dependent coverage under s. 632.885 (2) (b), even though the criteria for ineligibility for dependent coverage under s. 632.885 (2) (b) are slightly different from the criteria under s. 632.895 (15) (c) 2., 3., and 4.?

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State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1158/P2

PJK:bjk:md

stay
v mason

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

today

SA -

regen.

1 AN ACT *to amend* 40.51 (8), 40.51 (8m), 66.0137 (4), 120.13 (2) (g), 185.981 (4t),
2 185.983 (1) (intro.), 632.895 (15) (a) and 632.895 (15) (c) 5.; and *to create* 111.91
3 (2) (t), 609.74 and 632.885 of the statutes; **relating to:** coverage of dependents
4 under health care plans.

Analysis by the Legislative Reference Bureau

Current law contains a number of provisions related to coverage of dependents under health insurance policies. For example, a health insurer must cover a newly born child of an insured from the moment of birth, but may discontinue coverage after 60 days if the insured does not notify the insurer of the birth and pay any additional premium within those 60 days. If a health insurer covers a child of an insured, the health insurer must also cover any child of the insured's child until the insured's child is 18 years old. If a health insurer covers dependents up to a certain age, the health insurer may not terminate coverage of a dependent child who reaches that age if, and while, the child is incapable of self-sustaining employment because of mental retardation or physical handicap and is dependent on the insured for support and maintenance. If a health insurer covers a person as a dependent because the person is a full-time student, the health insurer must continue to cover that person if he or she ceases to be a full-time student due to a medically necessary leave of absence until the happening of one of a number of specified events, such as the person's obtaining other health care coverage or reaching the age at which coverage ends under the terms of the policy for a dependent who is covered because he or she is a full-time student. Current law, however, does not require a health insurer to

cover a dependent of an insured up to any particular age or because a dependent is a full-time student.

Under this bill, a health insurer must offer to cover any child of an insured if the child is unmarried, is under 27 years old, and is not eligible for coverage under a group health benefit plan that is provided by his or her employer and for which his or her premium contribution is no greater than the premium amount for his or her dependent coverage under his or her parent's health insurance plan. Additionally, if the child is a full-time student but previously had his or her education interrupted by service in the national guard or reserves, the health insurer must offer dependent coverage for that child for as long as he or she is a full-time student, regardless of age.

The insurer must provide the coverage if the insured requests it, and may require that the insured provide annual written documentation that the dependent child satisfies the criteria for coverage. The bill specifies that an insurer must determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for a younger dependent. The coverage requirement applies to all types of individual and group health insurance policies and plans, including those offered by the state, and to self-insured health plans of counties, cities, villages, towns, school districts, and the state.

The bill does not eliminate any of the other requirements that exist in current law related to coverage of dependents.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 40.51 (8) of the statutes is amended to read:

2 40.51 (8) Every health care coverage plan offered by the state under sub. (6)
3 shall comply with ss. 631.89, 631.90, 631.93 (2), 631.95, 632.72 (2), 632.746 (1) to (8)
4 and (10), 632.747, 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.87 (3) to
5 ~~(5)~~ (6), 632.885, 632.895 (5m) and (8) to (15), and 632.896.

6 **SECTION 2.** 40.51 (8m) of the statutes is amended to read:

7 40.51 (8m) Every health care coverage plan offered by the group insurance
8 board under sub. (7) shall comply with ss. 631.95, 632.746 (1) to (8) and (10), 632.747,
9 632.748, 632.83, 632.835, 632.85, 632.853, 632.855, 632.885, and 632.895 (11) to (15).

10 **SECTION 3.** 66.0137 (4) of the statutes is amended to read:

1 66.0137 (4) SELF-INSURED HEALTH PLANS. If a city, including a 1st class city, or
2 a village provides health care benefits under its home rule power, or if a town
3 provides health care benefits, to its officers and employees on a self-insured basis,
4 the self-insured plan shall comply with ss. 49.493 (3) (d), 631.89, 631.90, 631.93 (2),
5 632.746 (10) (a) 2. and (b) 2., 632.747 (3), 632.85, 632.853, 632.855, 632.87 (4), and
6 (5), and (6), 632.885, 632.895 (9) to (15), 632.896, and ~~767.25 (4m) (d) 767.513 (4).~~

7 **SECTION 4.** 111.91 (2) (t) of the statutes is created to read:

8 111.91 (2) (t) The requirements related to dependent coverage under s. 632.885.

9 **SECTION 5.** 120.13 (2) (g) of the statutes is amended to read:

10 120.13 (2) (g) Every self-insured plan under par. (b) shall comply with ss.
11 49.493 (3) (d), 631.89, 631.90, 631.93 (2), 632.746 (10) (a) 2. and (b) 2., 632.747 (3),
12 632.85, 632.853, 632.855, 632.87 (4) ~~and~~, (5), and (6), 632.885, 632.895 (9) to (15),
13 632.896, and ~~767.25 (4m) (d) 767.513 (4).~~

14 **SECTION 6.** 185.981 (4t) of the statutes is amended to read:

15 185.981 (4t) A sickness care plan operated by a cooperative association is
16 subject to ss. 252.14, 631.17, 631.89, 631.95, 632.72 (2), 632.745 to 632.749, 632.85,
17 632.853, 632.855, 632.87 (2m), (3), (4), ~~and (5), and (6), 632.885~~, 632.895 (10) to (15),
18 and 632.897 (10) and chs. 149 and 155.

19 **SECTION 7.** 185.983 (1) (intro.) of the statutes is amended to read:

20 185.983 (1) (intro.) Every such voluntary nonprofit sickness care plan shall be
21 exempt from chs. 600 to 646, with the exception of ss. 601.04, 601.13, 601.31, 601.41,
22 601.42, 601.43, 601.44, 601.45, 611.67, 619.04, 628.34 (10), 631.17, 631.89, 631.93,
23 631.95, 632.72 (2), 632.745 to 632.749, 632.775, 632.79, 632.795, 632.85, 632.853,
24 632.855, 632.87 (2m), (3), (4), ~~and (5), and (6), 632.885~~, 632.895 (5) and (9) to (15),

1 632.896, and 632.897 (10) and chs. 609, 630, 635, 645, and 646, but the sponsoring
2 association shall:

3 **SECTION 8.** 609.74 of the statutes is created to read:

4 **609.74 Coverage of dependents.** Limited service health organizations,
5 preferred provider plans, and defined network plans are subject to s. 632.885.

6 **SECTION 9.** 632.885 of the statutes is created to read:

7 **632.885 Coverage of dependents. (1) DEFINITIONS.** In this section:

8 (a) "Disability insurance policy" has the meaning given in s. 632.895 (1) (a).

9 (b) "Insured" includes an enrollee.

10 (c) "Self-insured health plan" has the meaning given in s. 632.745 (24).

11 **(2) REQUIREMENT TO OFFER DEPENDENT COVERAGE.** (a) Subject to ss. 632.88 and
12 632.895 (5), every insurer that issues a disability insurance policy, and every
13 self-insured health plan, shall offer and, if so requested by an applicant or an
14 insured, provide coverage for an adult child of the applicant or insured as a
15 dependent of the applicant or insured if the child satisfies all of the following criteria:

16 1. The child is over 17 but less than 27 years of age.

17 2. The child is not married.

18 3. The child is not eligible for coverage under a group health benefit plan, as
19 defined in s. 632.745 (9), that is offered by the child's employer and for which the
20 amount of the child's premium contribution is no greater than the premium amount
21 for his or her coverage as a dependent under this section.

22 (b) Notwithstanding par. (a) 1., the coverage requirement under this section
23 applies to an adult child who satisfies all of the following criteria:

24 1. The child is a full-time student, regardless of age.

25 2. The child satisfies the criteria under par. (a) 2. and 3.

1 3. The child was called to federal active duty in the national guard or in a
2 reserve component of the U.S. armed forces while the child was attending, on a
3 full-time basis, an institution of higher education.

4 4. The child was under the age of 27 years when called to federal active duty
5 under subd. 3.

6 **(3) PREMIUM DETERMINATION.** An insurer or self-insured health plan shall
7 determine the premium for coverage of a dependent who is over 18 years of age on
8 the same basis as the premium is determined for coverage of a dependent who is 18
9 years of age or younger.

10 **(4) DOCUMENTATION OF CRITERIA SATISFACTION.** An insurer or self-insured health
11 plan may require that an applicant or insured seeking coverage of a dependent child
12 provide written documentation, initially and annually thereafter, that the
13 dependent child satisfies the criteria for coverage under this section.

14 **SECTION 10.** 632.895 (15) (a) of the statutes is amended to read:

15 632.895 (15) (a) Subject to pars. (b) and (c), every disability insurance policy,
16 and every self-insured health plan of the state or a county, city, town, village, or
17 school district, that provides coverage for a person as a dependent of the insured
18 because the person is a full-time student, including the coverage under s. 632.885
19 (2) (b), shall continue to provide dependent coverage for the person if, due to a
20 medically necessary leave of absence, he or she ceases to be a full-time student.

21 **SECTION 11.** 632.895 (15) (c) 5. of the statutes is amended to read:

22 632.895 (15) (c) 5. The Except for a person who has coverage as a dependent
23 under s. 632.885 (2) (b), the person reaches the age at which coverage as a dependent
24 who is a full-time student would otherwise end under the terms and conditions of
25 the policy or plan.

SECTION 12. Initial applicability.

(1) This act first applies to all of the following:

(a) Except as provided in paragraphs (b) and (c), disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the effective date of this paragraph.

(b) Disability insurance policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are issued or renewed on the earlier of the following:

1. The day on which the collective bargaining agreement expires.

2. The day on which the collective bargaining agreement is extended, modified, or renewed.

(c) Governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with this act that are established, extended, modified, or renewed on the earlier of the following:

1. The day on which the collective bargaining agreement expires.

2. The day on which the collective bargaining agreement is extended, modified, or renewed.

SECTION 13. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.

(END)

Basford, Sarah

From: Lott, Hannah

Sent: Friday, January 30, 2009 2:26 PM

To: LRB.Legal

Subject: Draft Review: LRB 09-1158/1 Topic: Coverage of dependents under health care plans

Please Jacket LRB 09-1158/1 for the SENATE.

01/30/2009